

Message Text

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ACTION EB-07

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R 050750Z SEP 75

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 9119

INFO AMEMBASSY BERN

AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

USDEL MTN GENEVA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

USMISSION USUN

C O N F I D E N T I A L HELSINKI 1966

DEPTO 09

C O R R E C T E D C O P Y (CAPTION)

DEPT PASS TREASURY

E.O. 11652: GDS

TAGS: OVIP, ETRD, FI (INGERSOLL, ROBERT S.)

SUBJECT DEPUTY SECRETARY INGERSOLL CALLS ON MINISTER OF TRADE AND
INDUSTRY--POSSIBLE US COUNTERVAILING DUTIES ON FINNISH CHEESE
ARE HIS MAIN CONCERN

REF: STATE 189778

1. SUMMARY: DEPUTY SECRETARY INGERSOLL HAD 45 MINUTE
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MEETING WITH MINISTER OF COMMERCE AND INDUSTRY ARVO

RYTKONEN ON SEPT.4. AMONG SEVERAL TOPICS DISCUSSED, MATTER OF POSSIBLE US COUNTERVAILING DUTIES ON FINNISH CHEESE WAS MAIN CONCERN OF FINNS. YRJO-KOSKINEN AND RICHARD MJELLER OF FOREIGN MINISTRY WERE ALSO PRESENT.

2. MAIN POINTS MADE BY RYTKONEN WERE THAT QUANTITY OF CHEESE RELATIVELY SMALL (7,000 METRIC TONS) BY US STANDARDS BUT REPRESENTS ONE-THIRD OF TOTAL FINNISH CHEESE EXPORTS. FINLAND HAS AGRICULTURAL POLICY CALLING FOR CUT IN OUTPUT OF DAIRY PRODUCTS, BUT PRODUCERS OF MILK ARE OFTEN SMALL FARMERS WHO DEPEND ON MILK SALES. HE SAID FINLAND DOES NOT INTEND TO INCREASE SALES OF CHEESE TO US ABOVE 7,000 TONS BUT HOPED TO MAINTAIN THAT LEVEL. DEPUTY SECRETARY RESPONDED WITH BRIEF DESCRIPTION OF RECENT DIFFICULTIES WITH EC OVER CHEESE, NOTING THAT US DAIRY FARMERS HAVE POWERFUL VOICE IN WASHINGTON.

3. RYTKONEN SAID FINNISH GOVERNMENT WAS CONSIDERING SENDING REPRESENTATIVES TO WASHINGTON TO EXPLAIN FINNISH CHEESE EXPORT SITUATION -- PARTICULARLY THAT FINNISH CHEESE WAS QUALITY PRODUCT, NOT PROCESS OR BLENDING TYPE. DEPUTY SECRETARY AGREED THIS WOULD BE GOOD IDEA.

4. RYTKONEN WAS PESSIMISTIC ABOUT TRADE GAP FOR 1975 AND PREDICTED \$2 BILLION DEFICIT THIS YEAR, ALMOST DOUBLE LAST YEAR'S TOTAL. NEXT YEAR SITUATION HAS TO IMPROVE-- FINLAND HOPES TO CUT BOTH GOVERNMENT AND PRIVATE CONSUMPTION, TO HOLD DOWN WAGE INCREASES, TO INCREASE INVESTMENT IN PRODUCTIVE ENTERPRISES IN EXPORT SECTOR, AND TO KEEP RATE OF INFLATION IN 8 TO 10 PERCENT RANGE. HE WAS EMPHATIC THAT DEVALUATION IS NOT IN PROSPECT AND SAID THAT PRESENT GOVERNMENT OPPOSES ADDITIONAL IMPORT RESTRICTIONS. CONTINUED LARGE SCALE BORROWING ABROAD WOULD BE NECESSARY --JAPAN, SAUDI ARABIA, WESTERN COMMERCIAL BANKS AND THE IMF BEING THE MAIN SOURCES. RYTKONEN EMPHASIZED THAT FINLAND HOPES FOR RAPID REFLATION OF US AND WESTERN EUROPEAN ECONOMIES, WHICH WOULD

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IMPROVE PRESENTLY LANGUISHING MARKET FOR FINNISH PAPER, LUMBER, PLYWOOD, PULP AND OTHER FOREST PRODUCTS.

5. AMBASSADOR RYTKONEN MENTIONED THAT HE IS GOING TO NEW YORK, HIS FIRST VISIT SINCE 1962, TO ATTEND UN SPECIAL SESSION. INGERSOLL RECOMMENDED THAT HE READ CAREFULLY SECRETARY KISSINGER'S SPEECH OF MONDAY (WHICH HE HAD ON HIS DESK BUT HAD ONLY GLANCED AT). RYTKONEN

COMMENTED THAT HE HAD HEARD THAT THE LDC'S ARE SOUNDING MORE REASONABLE THAN AT THE LAST SPECIAL SESSION. DEPUTY SECRETARY CONCLUDED BY EXPRESSING HOPE FINLAND'S REPRESENTATIVES, WHO ARE PERHAPS MORE CREDIBLE WITH THIRD WORLD COUNTRIES THAT US, COULD PLAY USEFUL ROLE IN EXPLAINING ECONOMIC FACTS OF LIFE TO LDC'S. HE ALSO INVITED RYTKONEN TO WASHINGTON IF HIS SCHEDULE PERMITS.
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Disposition Event:
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